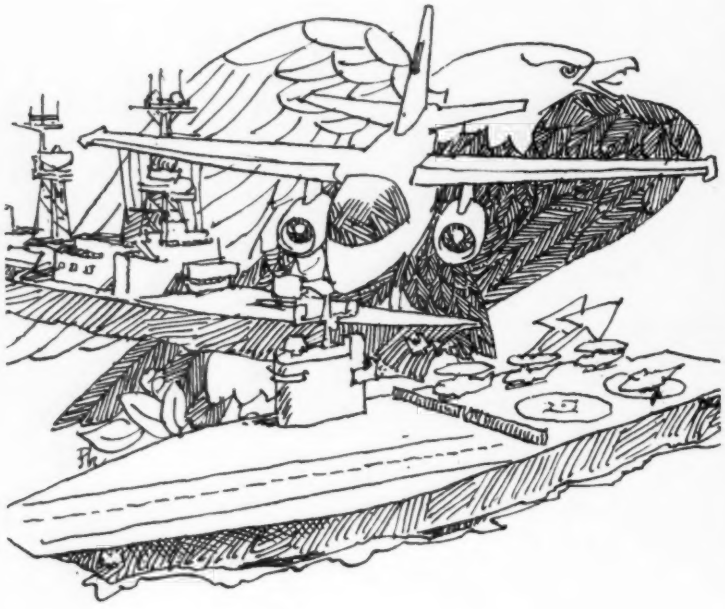
COMMANDER'S DIGEST

DoD Report To Congress

MAY 10, 1973

Secretary Richardson Tells Congress:

Nixon Doctrine Made Transition From War to Generation of Peace



ELLIOT L. RICHARDSON
Secretary of Defense

At the beginning of each annual Congressional session, the Secretary of Defense presents an explanation of the Defense Budget. This statement, popularly known as either "the Defense Report" or "the Posture Statement," is the definitive word every fiscal year for military officers and Defense officials. The report comes in two versions: a classified portion, which the Congress receives, and an unclassified version, which is released to the public via the news media. The following report from the unclassified version was delivered March 28.

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As Secretary Laird noted in his final report to the Congress, the first four years of the Nixon Administration marked a period of transition:

- From war toward peace;
- From a wartime economy to a peacetime economy;
- From an era of confrontation to an era of negotiation;
- From arms competition toward arms limitation;
- From a Federal budget dominated by Defense expenditures to one dominated by human resource expenditures; and
- From a draft-dominated force to an All-Volunteer Force.

That transition period is essentially completed.

Now, for the first time in nearly a decade, there is a realistic prospect that the United States may be freed from the travail of direct military engagement in Southeast Asia. Now we are on the threshold of a new era—an era, as the President has said, of peace through strength, partnership and negotiation. Now we approach the opportunity to dedicate our undiluted efforts to the creation of an international structure which could ensure a "Generation of Peace." And now we must marshal and make the best use of our resources—intellectual and creative resources, financial resources, human resources and managerial resources—to build, to reinforce, to strengthen and to stabilize that structure of peace, the foundations for which were so firmly laid during the period of transition.

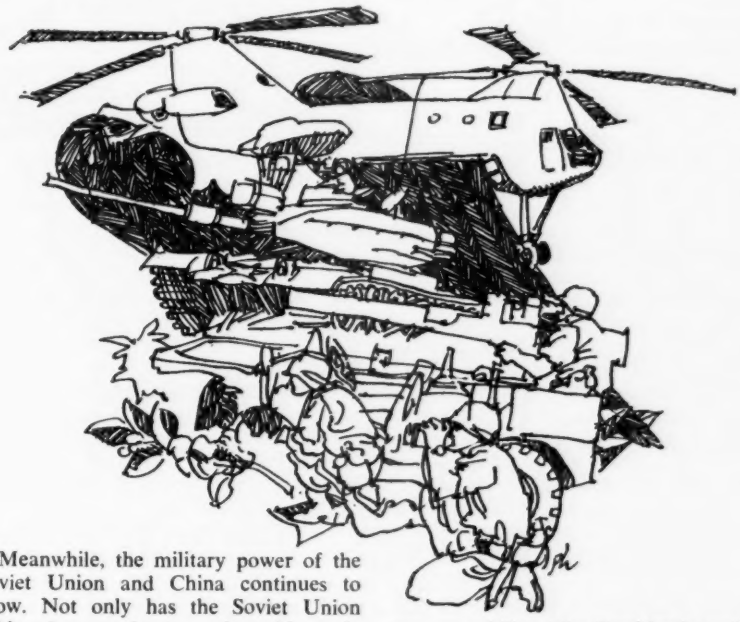
FY 1974 Posture Statement Theme

Advancing the Prospects for a Durable Peace

President Nixon, as events have shown, understands clearly the fundamental shift that is taking place in world affairs and the changing role of the United States in the new era. Because he sensed correctly that the time was ripe for a new approach to our adversaries, and had the courage to act upon his convictions, significant agreements have been reached with the Soviet Union, and the nearly quarter-century of mutual isolation between the United States and the People's Republic of China has been ended. Because he persevered in his search for a just and honorable peace in Vietnam, that long and costly war is being brought to a close on terms which recognize the legitimate interest of all of the parties. Because he has consistently demonstrated our desire to replace the tensions of the cold war with constructive and mutually beneficial interactions, the way has been opened to more normal relations with the communist states.

We should have no illusions, however, that the generation of peace is already upon us and that we can now "beat our swords into plowshares." The new peace agreements in Vietnam and Laos are still very fragile, and the armed conflict in Cambodia has yet to be ended. The new approach to the People's Republic of China is still in its early phase, and full diplomatic relations have yet to be established. The current Strategic Arms Limitation agreements with the Soviet Union constitute a major breakthrough, but not the culmination of our efforts to halt, and then reverse, the build-up of competitive strategic power.

It is true that the monolithic structure of the communist world has long since been fractured and that the Soviet Union and China are now pursuing independent and often mutually antagonistic policies. For our part, we seek to develop positive relations with both governments. But it is clear that we will continue to have fundamental differences with both of these nations, and these differences cannot be ignored. Clearly, a long and extremely difficult period of negotiations lies before us in building the structure for a generation of peace.



Meanwhile, the military power of the Soviet Union and China continues to grow. Not only has the Soviet Union achieved approximate parity with us in the field of nuclear inter-continental arms, but it is also introducing into its sea-based forces a new Submarine Launched Ballistic Missile (the SS-NX-8) and is developing and testing three new Intercontinental Ballistic Missiles (ICBMs). The Soviet Union is, at the same time, devoting considerable resources and energies to the enhancement of its conventional capabilities.

China meanwhile is strengthening its conventional forces—land, sea and air—and emerging as a major nuclear power in its region. China's nuclear reach will soon extend to all of the Soviet Union, and by the end of this decade it may well extend to the Continental United States as well.

Regardless of what we hope the ultimate intentions of the Soviet Union and the People's Republic of China may be, we must keep before us a clear-eyed calculation of their present and future military capabilities. The military balance, at this crucial juncture in world affairs, is very delicately poised. We have a great stake in maintaining that balance while we continue to pursue ways to give it greater stability. The President's realistic approach to peace and to mutual arms limitation from a position of strength has proven eminently successful during the last four years, and I sincerely hope that we will have the necessary support of the Congress in pursuing it further during the next four years.

ALLIED POSTURE

The role of the Defense Department and our military forces in bringing this present era of negotiation to fruition in a stable peace is crucial. Without a firm belief in the steadfastness of U.S. commitments and in the continuing capabilities of U.S. forces to support our interests around the globe, we and our allies cannot ensure our security nor continue negotiations with the basic confidence needed to develop new relationships. Thus, our defense programs and force deployments are an essential concomitant to our quest for world peace:

- We must have a sufficient nuclear deterrent;
- We must have balanced, ready, well-equipped and trained general purpose forces, both active and reserve,

The Soviet surface ship force includes two guided missile helicopter ships of the Moskva class. (DoD Photos)

properly deployed, to help deter conventional wars and to maintain the capability to defend our interests should deterrence fail; and

- We must conduct a vigorous research and development program to maintain force effectiveness and to retain a necessary margin of technological superiority.

We intend to pursue this quest for peace in company with our allies, with whom we so strongly share common conceptions and purposes. Maintaining our commitments to our allies does not require the United States to play the role of world policeman, but instead requires that we contribute to, and have the capacity to help sustain, a stable international structure. It is by working in tandem that we and our allies can best achieve this objective, and I look forward to consultation and dialogue with our allies, and to working with them to implement the Total Force concept in a fashion which encourages the strongest possible defense contribution from each member of the Free World alliance. To this end, I plan to visit both Europe and Asia in the next few months to meet with Allied Defense Ministers.

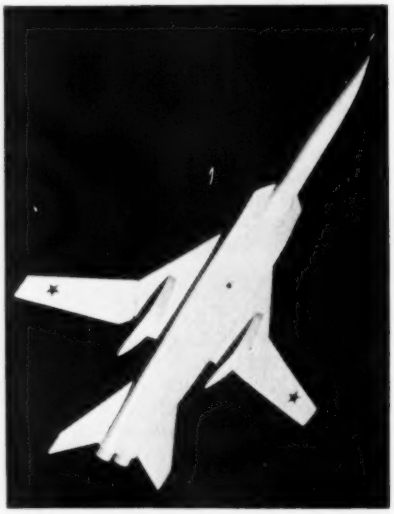
It is important to note here that our allies—contrary to the belief of many—have made appreciable increases in their own defense efforts. Our NATO allies, for example, have made a special effort to maintain and improve their own forces, increasing their defense expenditures by 30 percent in the period 1970-1973. Great Britain, in the Defense "White Paper" presented to Parliament last month, announced an increase in defense spending of more than 5.5 percent in real terms this coming year. Germany also expects to increase its defense expenditures in real terms this year. These are significant additions to the allied defense effort. The extensive equipment improvement programs of our allies continue on schedule. The Euro-Group of ten NATO nations continues to improve cooperation among its members. There is no doubt in my mind that, while much remains to be done, almost all of the allies are taking their defense responsibilities very seriously indeed.

NATO COMMITMENTS

We, too, must continue to take our NATO commitment very seriously—a commitment consistently supported for more than two decades by each President and every Congress; and, I believe it is fair to say, by most Americans. Yet, there are some knowledgeable people who now advocate substantial unilateral reductions in U.S. forces deployed in Europe. They argue that such reductions could be made without prejudice to our NATO commitment or the principle of common defense. With all due respect, I believe that they are mistaken. Unilateral reductions at this time could not only destroy the current tenuous military balance in Europe but also destroy the prospect for orderly, balanced, mutual force reductions.

It is argued that by returning our forces to the United States, we will save money. We will not—unless we reduce our ability to meet our commitments or disband our forces. I do not believe that is what the American people want.

It is argued that war is increasingly remote, and that it is anachronistic to deploy forces overseas. I certainly hope and believe that war is now less likely than before. The President has taken long strides toward that end. But the areas of agreement between us and the Soviet Union are still quite narrow, and the differences that separate us remain great. It has been the constancy of our purpose and the certainty of our strength that has helped to bring this increasingly stable international situation about. It would be a tragic reversal of long-standing and successful American policy to abandon our positions and our strength before our ultimate goal is achieved.



The Backfire, a variable-geometry wing, supersonic bomber, will probably enter the Soviet force this year or next.

It is argued that conventional forces are only a symbol of the U.S. commitment, that their numbers are not relavant, and therefore sizeable reductions can safely be made. It **is** true that U.S. Forces are symbolically important and that they are regarded as a barometer of American political interest and commitment. Substantial and precipitous reductions in those Forces would, indeed, be seen by our allies and our potential adversaries as a lessening of our interest and commitment. Were we to be imprudent enough to make such reductions, we should not be surprised if the political results were to our profound disadvantage.

But it is **not** true that the size of our conventional forces in Europe is irrelevant, that their numbers do not matter. We are now unmistakably in an age of approximate nuclear parity, and this means that strong conventional forces are more important, rather than less important, to the deterrence of war. It is essential that the U.S. and its allies have the option of an initial conventional defense. We should not place ourselves in a position where we are forced immediately and irrevocably to nuclear war in response to aggression against us. Strong conventional forces give us a conven-

tional option, thus adding to the plausibility of our commitment to defend our vital interests, and thereby strengthening the total deterrent.

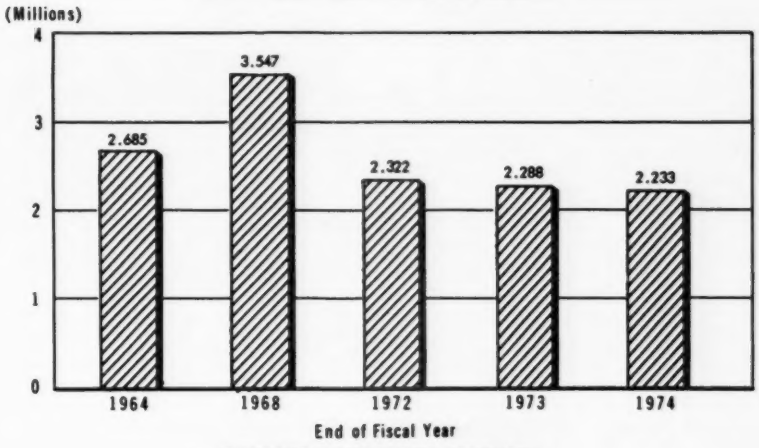
We and our allies have been vigorously pursuing improvement programs which give our forces a continuing, strong defense capability against the Warsaw Pact. We should not mitigate the beneficial effects of those programs now by precipitous reductions in U.S. forces in Europe —without compensating reductions in the forces of the Warsaw Pact. Until agreements are reached on Mutual and Balanced Force Reductions (MBFR), we may be sure that unilateral reductions would undermine deterrence, reduce Warsaw Pact interest in negotiating such reductions, and create a serious crisis of confidence in Europe with respect to the U.S. contribution and commitment to the Alliance. I strongly urge the Committee to treat with great skepticism and caution any proposal for significant unilateral reductions in U.S. forces in Europe at this time.

The Nixon Doctrine and the Total Force planning concept—taking full account of the forces of our allies, and of our own Reserve and National Guard forces—have enabled us to make sizeable reductions in our active forces, and particularly in our forward deployed forces in Asia. We must keep in mind, however, that these reductions place a much greater premium on the continued U.S. support of the forces of our less prosperous allies. I am well aware of the differing views in the Congress with regard to the Security Assistance Program. Nevertheless, I must in all candor say that a failure to support that program will adversely affect the military balance, particularly in Asia, and thus seriously endanger our efforts to strengthen and nurture the newly emerging structure of world peace. Considering the issues at stake, a failure to support the Security Assistance Program at this time would be a false economy and an undue risk.

MAKING THE BEST USE OF FINANCIAL RESOURCES

Those of us in the Executive and Legislative Branches who are responsible for ensuring an adequate defense for the Nation have an enormously difficult task before us—the task of maintaining a credible military posture with stringently limited resources. There are serious challenges to our modernizing at the pace that the aging of our present weapon systems call for, while maintaining the present size of our forces and achieving adequate readiness for them. The crunch between resources and requirements is upon us.

ACTIVE DUTY MILITARY END-STRENGTH



RESERVE COMPONENT STRENGTH
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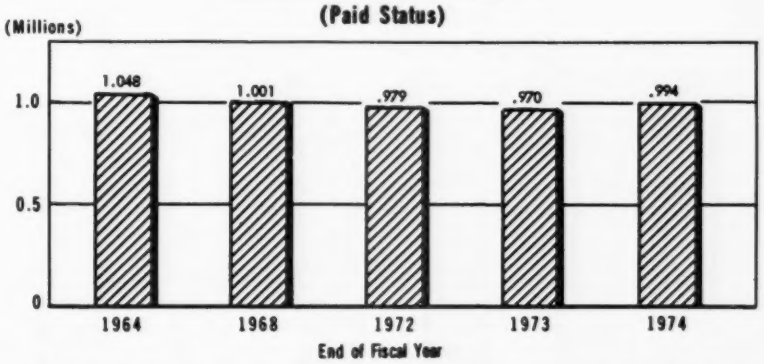
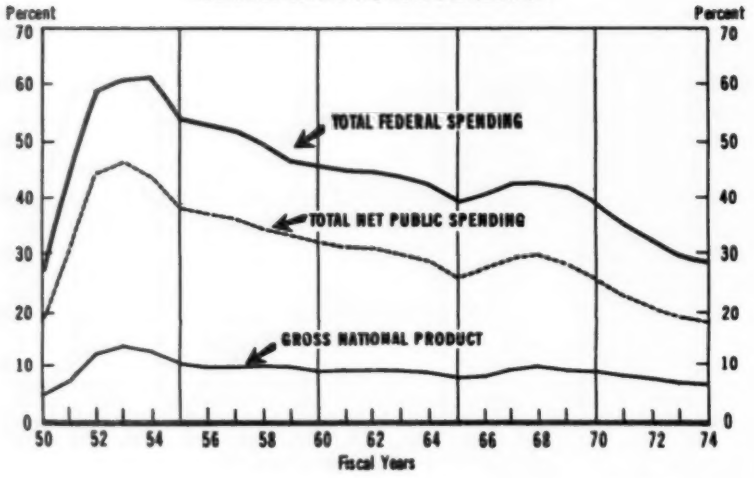


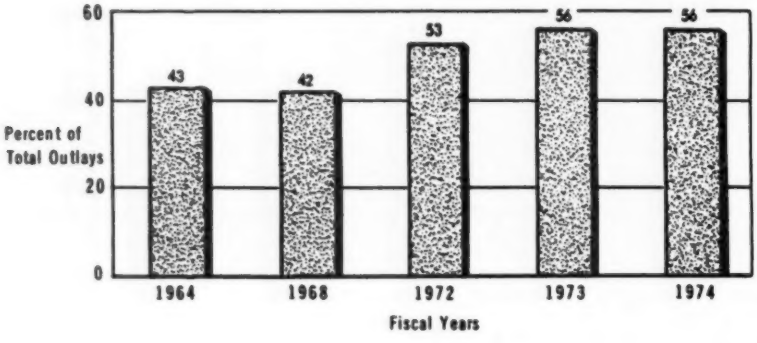
In considering the general magnitude of the FY 1974 Defense Budget, three factors must be borne in mind. First, it is no longer meaningful to talk of "reordering priorities" away from Defense and into social programs. Many have come to expect financial relief as we emerge from a resources-draining experience in Southeast Asia—relief as dramatic and visible as the signing of a peace agreement. But the fact is that the increases in purchasing power and manpower added for the war have been largely reabsorbed—the FY 1974 Budget includes only $2.9 billion for all Southeast Asia related programs, compared with $26.5 billion of comparable purchasing power in 1968; military and civil service personnel at the end of FY 1974 will number only 3.2 million, compared with 4.8 million in 1968. As a result of the policies carried out by the President during the last four years, the relative budgetary emphasis between Defense and human resources has been exactly reversed. The reordering of priorities has already occurred.

Second, there has been a dramatic rise in manpower costs in recent years. Despite the substantial reduction of almost 1.6 million military and civil service personnel from FY 1968 to FY 1974—reductions made possible, for the most part, by the Nixon Doctrine and the redeployment of our forces from Southeast Asia—total manpower costs will be more than $11 billion higher. This is so primarily because the Nation has chosen a different and more equitable kind of Armed Force than it had previously—an All-Volunteer Force rather than a draft-based force; and because

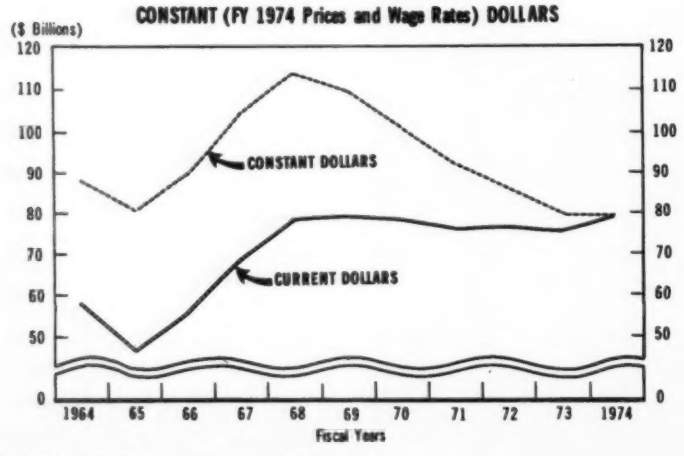
DEFENSE SPENDING AS A PERCENT OF:



MANPOWER COSTS AS A PERCENT OF TOTAL DEFENSE COSTS



DEFENSE OUTLAYS IN CURRENT AND CONSTANT (FY 1974 Prices and Wage Rates) DOLLARS

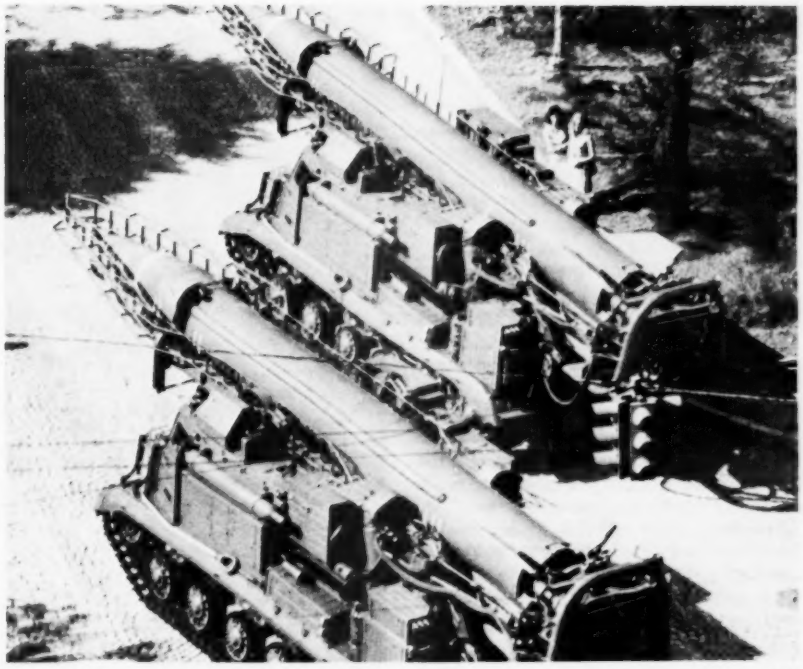


we have chosen to pay our military and civilian personnel, and particularly those military personnel in the lower pay grades, a salary comparable to that which they could receive in the private sector of the economy. The financial consequences of these decisions are reflected in the FY 1974 Budget.

Third, the debilitating effects of inflation have taken their toll on the purchasing power of the Defense dollar, just as they have on the purchasing power of the individual consumer's dollar. This factor, too, is reflected in the FY 1974 Budget.

Keeping in mind the central point that the Defense Budget is spent for essentially two broad categories of resources—the direct hire of personnel and the purchase of goods and services from industry—the salient facts about the FY 1974 budget request are as follows:

- Military and civil service manpower totaled about 3.7 million in FY 1964 (prewar), 4.8 million in FY 1968 (war-peak), and will number only 3.2 million in FY 1974—the lowest level since FY 1950, before the Korean war.
- Purchases from industry (in dollars of *constant (FY 1974)* buying power—adjusting for general, economy-wide inflation) totaled $40.1 billion in FY 1964, $57.4 billion in FY 1968, and will amount to $35.1 billion in FY 1974—the lowest level, in real terms, since FY 1951.
- Total Defense *outlays* in *constant (FY 1974)* purchasing power amounted to $87.8 billion in FY 1964, $113.4 billion in FY 1968, and are estimated at $79.0 billion in FY 1974—down 30 percent from FY 1968 and 10 percent from FY 1964, and the lowest level since FY 1951.
- Defense-related employment in industry was 2.3 million in FY 1964, 3.2 million in FY 1968, and is estimated at 1.9 million in FY 1974—down 41 percent from FY 1968 and 17 percent from FY 1964.
- In terms of the gross national product, defense took 8.3 percent in FY 1964, 9.4 percent in FY 1968, and is expected to take only 6.0 percent in FY 1974—the lowest level since FY 1950.
- Defense spending as a percent of total Federal spending was 41.8 percent in FY 1964, 42.5 percent in



Scud A are single-stage, short-range tactical ballistic missiles, mounted on heavy tank chassis and used by Soviet and Warsaw Pact forces.

FY 1968, and would be 28.4 percent in FY 1974—the lowest since FY 1950. As a percent of total net Public spending (Federal, State, and Local) defense spending was 28.1 percent in FY 1964, 29.2 percent in FY 1968, and would be 18.0 percent in FY 1974—even lower than in FY 1950.

- While Defense spending in *constant* (*FY 1974*) purchasing power goes *down* by $34 billion from FY 1968 to FY 1974, other Federal spending goes *up* by $50 billion and State and Local spending goes *up* by $61 billion during the same period. In *current* dollars, Defense goes up by $1 billion, but other Federal spending goes up by $94 billion and State and Local spending goes up by $103 billion.

In short, in FY 1974 the Defense share of total Federal spending, total net Public spending, the total labor force, and the gross national product would be the smallest in nearly a quarter of a century.

BUDGET CUTS

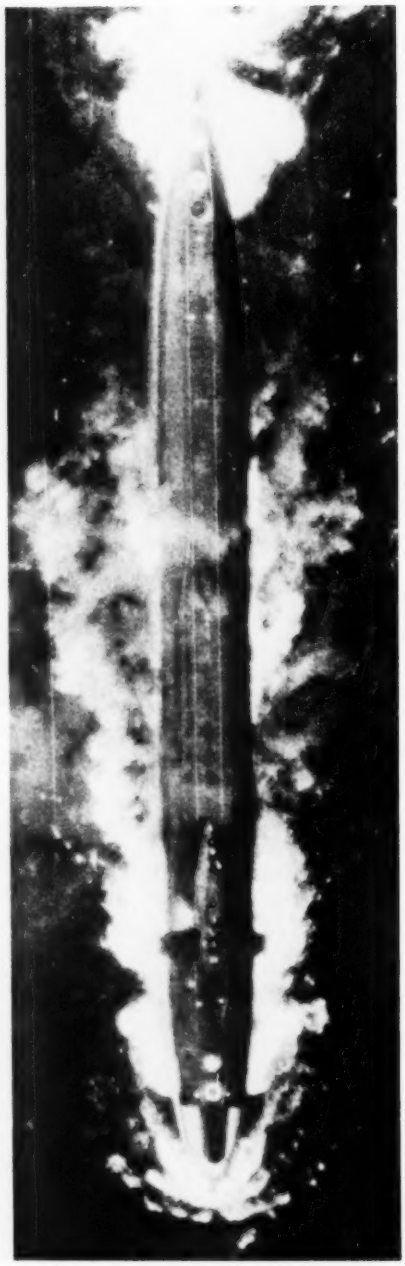
Nonetheless, the question arises as to whether we ought to cut defense spending even further. As a former Secretary of Health, Education, and Welfare, I have a very real sense of the pressure of competing claims for scarce resources. **Indeed, in my final report as Secretary of HEW I called attention to the fact that to extend existing HEW-supported services equitably to all those meeting the eligibility standards would require additional expenditures of $250 billion. This sum would consume not only the entire Defense Budget, but the entire Federal Budget as well!** The obvious point is that with present technologies and resources we cannot now do all that we would like to do: choice is inescapable.

Significant cuts in the Defense Budget now would seriously weaken the U.S. position in international negotiations—in which U.S. military capabilities, in both real and symbolic terms, are an important factor. Significant cuts would require major unilateral force reductions, undermining our strength and undercutting our efforts to build a more stable balance of forces at lower long-term cost to both sides. And it is these efforts which, one way or another, will determine our success in building a lasting structure of peace.

The T-55 medium tank, armed with a 100-mm gun, is widely issued to Soviet forces and has been provided to many communist countries.

MAINTAINING THE NECESSARY DETERRENT

Sufficient Strategic and General Purpose Forces remain vital, in the literal sense of that word, for the security of



Nuclear-powered Yankee-class undersea ships are the Soviet Union's first-line ballistic missile submarines. They can carry 16 missiles, each with a range of about 1,300 miles.

the Nation. The programs proposed in the FY 1974 Budget are meant to ensure that we have that sufficiency of strength. None of the proposed programs is intended to increase the size of our forces—indeed, in important respects, our forces, both Strategic and General Purpose, will be smaller rather than larger by the end of the fiscal year. What is proposed in this budget is the modernization and improvement of those forces.

As I hardly need emphasize, the Strategic Forces programs proposed in the FY 1974 Budget fully conform to both the letter and the spirit of the SAL agreements. The Anti-Ballistic Missile (ABM) Treaty and the Interim Agreement on strategic offensive arms, as you know, place limits on the deployment of ICBM and SLBM launchers and ABM defenses, while other categories of Strategic Forces—for example, bombers, cruise missiles and air defenses—are not covered. Also, except for certain types of ABM defense systems and the dimensions of ICBM silos, there are no limitations on qualitative improvement—that is, modernization—of the forces. And the Soviet Union, as Chairman Brezhnev forewarned us, is pressing forward with modernization programs in all permitted areas.

STRATEGIC RETALIATORY FORCES

The U.S. Strategic Retaliatory Forces at the end of FY 1974 will include a total of 1,054 ICBM launchers (MINUTEMAN and TITAN), and a total of 656 SLBM launchers (POLARIS and POSEIDON) carried on 41 nuclear-powered submarines—the numbers permitted the U.S. under the present SAL Agreement. In addition, the end FY 1974 forces will include a total of 28 bomber squadrons (24 B-52 and 4 FB-111).

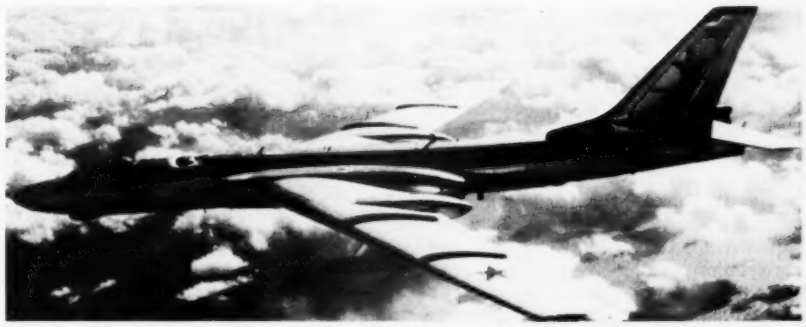
The FY 1974 Budget provides for both the near-term and longer-term modernization of the Strategic Retaliatory Forces. For the near-term we plan to complete the on-going programs for the conversion of 31 POLARIS submarines to POSEIDON, the replacement of 550 earlier MINUTEMAN missiles with the MINUTEMAN III, the upgrading of the MINUTEMAN silos, and the acquisition of the Short-Range Attack Missile (SRAM) to improve the penetration capabilities of the bomber force.

The major longer-term modernization programs are the TRIDENT SLBM system, involving both a new submarine and a new missile, and the B-1 strategic bomber. The TRIDENT program is, of course, the follow-on to the POLARIS/POSEIDON programs. It will ensure that we have a credible, effective sea-based strategic missile force for at least the balance of this century. The new submarine will incorporate the latest submarine survivability features and will have a new, longer range missile, giving it a more flexible range of operations and thus providing a hedge against the possibility of a Soviet breakthrough in Anti Submarine Warfare (ASW) technology. The program is phased so as to permit an orderly replacement of the current ballistic missile submarines. The TRIDENT program is admittedly expensive—in FY 1974 we are asking $1,712 million—but it is a very important program for the longer-term security of the Nation. The sea-based missile force is the most survivable element of our strategic retaliatory capability and the TRIDENT program provides confidence that it will remain so for the foreseeable future.

The B-1 bomber is the planned replacement for the aging B-52s which have given such long service. While smaller and lighter than the B-52, it would be more survivable and have a better penetration capability than the B-52. The B-1 budget request this year is for $474 million to continue engineering development and to hold open the option for production. The first test flight is scheduled for April 1974, with a 15-month flight test program to follow. Only after a careful scrutiny of costs and performance will a production decision be made.

STRATEGIC DEFENSIVE FORCES

The Strategic Defensive Forces have been reduced and programs curtailed in response to a close examination of the threat and in accordance with the ABM Treaty. This Treaty limits each party to two ABM sites, one for the defense of its national capital area and one for the defense of an ICBM area. We plan to proceed with the completion of the Safeguard site at Grand Forks for the defense of MINUTEMAN, and $402 million is included in the FY 1974 Budget for this purpose. No funds are requested, however, for the permitted



This Soviet Badger bomber was photographed by U.S. Navy planes as the twin-jet aircraft flew high above an American carrier task force during Pacific Ocean operations several years ago.

national capital area site, although studies with respect to that site are going forward to preserve our option to defend the National Command Authorities (NCA) in Washington, D.C.

With the future in mind, we are also requesting funds to pursue a number of research and development efforts having to do with strategic defense, including the Site Defense ABM System, and the Airborne Warning and Control System (AWACS). We also plan to continue with the deployment of the Advanced Airborne Command Post System to ensure the command and control of our forces by the national command authorities under all foreseeable circumstances.

GENERAL PURPOSE FORCES

The proposed General Purpose Forces programs, like the Strategic Forces programs, emphasize modernization of the existing forces rather than increases in their size. Let me stress again that these forces have already been reduced in strength, not only below their peak Vietnam war levels, but also below their peacetime, pre-Vietnam war levels.

There will be a total of 16 active Army and Marine divisions at the end of FY 1974—6⅓ fewer than in 1968 and 3⅓ fewer than in 1964. We will have a total of 163 active Air Force, Navy and Marine Corps tactical fighter and attack squadrons at the end of FY 1974, compared with 210 squadrons in 1968 and 199 squadrons in 1964. We will have a total of 253 active major combat ships (including attack submarines) at end FY 1974, compared with 434 in 1968 and 407 in 1964. In sum, we will have a substantially smaller active force at the end FY 1974 than we had before the Vietnam war.

This puts a premium on the modernization of our remaining forces. It also underlines the importance of adequate manning, equipping and training for our Reserve and National Guard Forces, and of Total Force planning that takes into account the forces and capabilities of our allies.

GROUND FORCE MODERNIZATION

The President's FY 1974 Budget proposed a number of General Purpose Forces modernization programs for both the near-term and the longer-term. For the ground forces, the principal near-term programs include continued procurement of M-60 series tanks for the Army and, beginning in FY 1974, for the Marine Corps; continued development and procurement of the TOW and DRAGON anti-tank missiles; acquisition of additional improved HAWK surface-to-air missiles; modification of the COBRA helicopter to emply the TOW; and acquisition of the LANCE nuclear-armed surface-to-surface missile system. The total amount of funds requested for these programs in FY 1974 is $613 million.

For longer-term modernization of the ground forces, the FY 1974 Budget includes funds for the development of a new Main Battle Tank, a new Mechanized Infantry Combat Vehicle, the continued development of the SAM-D surface-to-air missile system, and the continued development of three new helicopters: the Advanced Attack Helicopter, the Utility Tactical Transport Aircraft System, and the Heavy Lift Helicopter. The total amount of funds requested in FY 1974 for these programs is $474 million.

MODERNIZATION OF TACTICAL AIR FORCES

For our tactical air forces we propose a number of modernization programs. There is requested $100 million for the purchase of 24 new F-4E aircraft for the Air Force, and $112 million to purchase additional MAVERICK air-to-ground missiles which will mean a major improvement in the anti-tank capabilities of the Air Force.

For the longer term, the Air Force is developing the F-15 air superiority fighter, and $1,148 million is requested in the FY 1974 Budget for the continued development and procurement of this aircraft. Also under development is an experimental, low-cost, lightweight fighter prototype, for which $48 million is requested in this budget. For the close air support role, the Air Force proposes development and advanced procurement of the A-10 aircraft, and $142 million is included in the FY 1974 Budget for continued development of the A-10 and for advanced procurement of long lead-time items for the first 26 aircraft. The A-10 has been specially designed to incorporate in a relatively low cost airframe the characteristics that are essential for close air support—maneuverability, responsiveness, survivability, long loiter time and simplicity.

For the near-term modernization of the Navy attack aircraft inventory, $339 million is included in FY 1974 Budget for the purchase of additional A-6E and A-7E aircraft. Also requested for the Navy is $300 million for the procurement of EA-6B electronic countermeasures aircraft and the E-2C airborne early warning aircraft. Marine Corps aircraft modernization programs include $131 million for the purchase of the first increment of F-4J aircraft to replace the aging F-4Bs, $69 million for the purchase of the first increment of A-4M aircraft to replace the aging early models of the A-4, and $58 million for the last increment of the three squadron AV-8A HARRIER program.

Included in the FY 1974 Budget is $633 million for the continued development and procurement of the F-14 aircraft, the Navy's principal fighter modernization program. The contractual difficulties encountered in the F-14 program are widely known. We have recently made arrangements with Grumman to ensure the completion of Lot V aircraft—those funded in FY 1973—at the contract price. We have not yet de-

cided to make purchases of the F-14 beyond Lot V. There can be no question, however, that the extensive testing in the last year has shown the F-14 to be a superb aircraft. It is also clear that the Navy has a real need for a new fighter, particularly for the air defense of the fleet. Accordingly, we would like to retain in the budget the $633 million requested for the F-14 and the $98 million requested for the related PHOENIX missile system, pending our review of possible economies in the F-14 program and our continuing exploration of alternatives. We will report back to the Congress as soon as we complete our reevaluation and before your final action on the bill.

FLEET MODERNIZATION

The FY 1974 Budget also provides for the continued modernization of the Navy's General Purpose fleet. By the end of FY 1974 the active fleet will consist of 15 aircraft carriers, a total of 164 cruisers, frigates, destroyers, and destroyer escorts, 62 nuclear- and 12 diesel-powered attack submarines, and more than 60 amphibious ships of various types.

The 15 active aircraft carriers planned for end FY 1974 will include 10 FORRESTAL-class or larger, three MIDWAY-class, and two older ships. The second nuclear-powered carrier, the NIMITZ, has been launched and is scheduled to be delivered to the fleet in FY 1974 at an estimated cost of $635 million. The third nuclear-powered carrier, the EISENHOWER, is now under construction and about one-quarter complete. Delivery of this ship is scheduled in 1975, and it is now estimated to cost $679 million. Some $299 million was appropriated in FY 1973 for long leadtime components for the fourth nuclear-powered carrier, the CVN-70. Another $657 million is requested in FY 1974 to complete the funding of this ship, bringing its total estimated cost to $956 million.

The FY 1974 Budget also includes $137 million for four new types of ships: a Patrol Frigate, a Sea Control Ship, a Patrol Hydrofoil Missile Ship, and a Surface Effects Ship.

Other on-going major fleet modernization programs include seven more DD-963 class destroyers, for which $591 million is included for FY 1974; five more SSN-688 class nuclear-powered attack submarines, for which $922 million is requested; and three destroyer conversions for which $187 million is requested.

RESEARCH AND DEVELOPMENT

The Director of Defense Research and Engineering will give a full account of Defense R&D programs in whatever detail the Congress may desire. Today I simply wish to reiterate my strong conviction that it is essential for the U.S. to have a technological base which is superior to that of potential adversaries. The Soviet Union is making a determined effort to surpass the U.S. in technological achievement. The Soviets can take obvious advantage of open Western societies, while we can have only incomplete knowledge of their progress. We need an adequate, long-term level of R&D funding if we are to avoid technological surprises and maintain a reasonable margin of technological superiority in key areas important to the overall military balance.

Manpower Problems Summarized

Human Goals Charter Cited as Key Approach

Secretary Laird, in his reports to the Congress, put great stress on people. I strongly subscribe to the Department's statement of "Human Goals"—indeed, I have reissued it, emphasizing the important role women can play in defense —and it is my intention to pursue those goals vigorously. There is one paragraph in particular that seems to me to state clearly the immediate task before us:

"The defense of the Nation requires a well-trained force, military and civilian, regular and reserve. To provide such a force we must increase the attractiveness of a career in Defense, so that the Service person and civilian employee will feel the highest pride in themselves and their work, in the uniform, and the military profession."

All-Volunteer Force

As we move to the All-Volunteer Force, our objectives are:

- To complete the transition to peacetime personnel levels while maintaining the capability to meet our national security commitments;
- To balance personnel and other Defense costs so as to maximize security within budget limitations; and
- To increase the challenge of military jobs and improve the quality of military life in order to attract and retain the talented, dedicated people needed to man our smaller forces.

There have been predictions that ending the draft would produce an organization of substandard volunteers. Recent experience does not support this claim. The quality objectives for military enlistments are being met as well as, or better than, in earlier periods of high draft calls. The quality objectives are:

- To enlist and retain men and women whose learning capacities match the requirements of military jobs;
- To enlist and retain people who display self-discipline and control; and
- To maintain the efficiency and the effectiveness of the Armed Forces.

We do not intend to tamper with these quality standards.

As we implement the All-Volunteer Force, we are pressing on with other urgent and important personnel programs. We are, wherever possible, and

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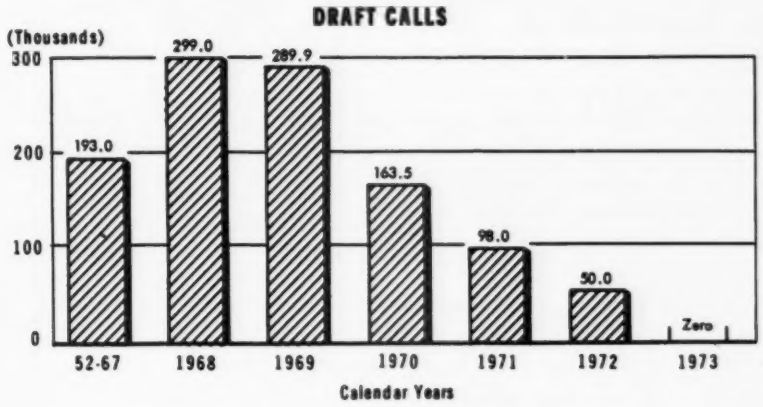
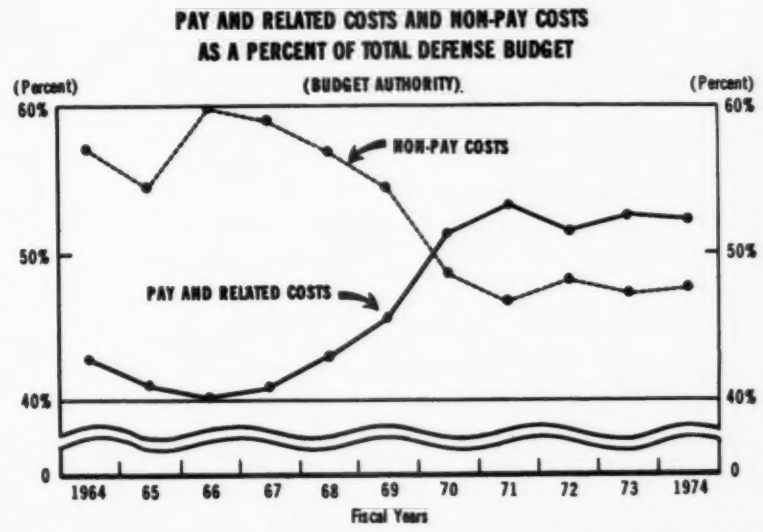
as the Congress recommended, transforming military jobs into civilian jobs. The Services have instructions to replace at least 31,000 military positions with civilians by the end of FY 1974, and this is just the first step in finding the best and most efficient mix of military and civilian personnel. We also intend to find ways to use our present civilian personnel more effectively and to attract new civilian personnel of quality to the service of the Department.

It was the policy of Secretary Laird, **and it will be my policy, to be as certain as humanly possible that everyone in the Department, military and civilian, man or woman, regardless of race or origin, has an equal opportunity and is accorded equal treatment.** The Defense Department has already made good progress toward that goal, and I intend to carry on this work which is so essential to both justice and discipline, and the total effectiveness of the Department.

An important consideration in implementing the All-Volunteer Force is the role of women. Currently, more than 80 percent of the enlisted job specialties within the Department are open to women. Some 14,000 women were enlisted in FY 1972, and 21,700 are expected to be enlisted in FY 1973. The Services are now working on plans to double the number of women serving in the Armed Forces by the end of FY 1977.

Too often we think of the Defense Department's human resources in terms of those people serving full time, thus slighting one essential component of our Armed Forces—the Reserve Forces. A well-equipped, manned and trained National Guard and Reserve, deployable on short notice, is potentially the most economical part of our Defense establishment. It is also an essential part of the Total Force Concept, and I intend to seek ways to improve and strengthen the quality and readiness of the National Guard and Reserve forces.





It is especially important, if we are to make a success of the All-Volunteer Force, that the essential legislation be enacted by the Congress. I refer specifically to the Uniformed Services Special Pay Act, passed by the House during the last session but not yet acted upon by the 93rd Congress, and to the several pieces of legislation aimed at remedying deficiencies in the benefit structure and the family protection for members of the National Guard and Reserve forces. I don't need to emphasize for you the increased importance of high quality Reserve and National Guard forces in this period of significantly smaller active forces. I urge the early consideration and enactment of the much-needed legislation.

Marshalling Managerial Resources

Challenge Involves Tight Defense Dollars

There is a compelling need—and with the end of the Vietnam conflict, a new opportunity—to concentrate executive energies on the urgent task of improving the planning and implementation of the Defense program. We must provide a Defense management which is realistic both in its assessments of threats and in its recognition of resource constraints and which acts responsibly and efficiently in both the development and the implementation of plans for the

use of scarce resources.

It is also imperative that we enhance public confidence in the integrity of the weapons acquisition process. In fairness, one must observe that many of the problems encountered are the product of a unique environment. Defense programs are often of such size and character that the norms of the market place—which we all understand and which are the standards by which we usually judge Defense program performance—do not fully apply. New Defense programs often push the frontiers of knowledge—in design and technology, for example—to the point where judgments can only be tentative and where the uncertainties involved can be very large. Nevertheless:

- We must reinforce the efforts toward reform already underway.
- We must improve our planning and review processes.
- We must more strongly emphasize accurate cost estimating throughout the system.
- We must scrutinize stated requirements more closely to ensure that scarce resources are allocated optimally in terms of real need.
- We must apply technology to reduce costs as well as to increase performance.
- We must recognize the strengths of our competitive system and take advantage of those strengths as fully as possible.
- We must work with our allies to avoid, wherever practical, an unnecessary duplication of effort and expense.
- We must not tolerate a weapons acquisition process that either encourages or relies upon "bailouts."

In connection with the last point, we intend to follow the course indicated by our recent decisions on the much-discussed contractual problems encountered in the LHA amphibious ship and the F-14 fighter aircraft programs—a course which must protect the public interest in the timely and efficient procurement of products essential to the national defense, as well as in the sanctity of contracts and the integrity of the procurement system.

As Secretary of Defense, I intend to give close attention to all of the ways in which we can improve our weapons acquisition process. Deputy Secretary William P. Clements Jr. and I, together with the Service Secretaries and the Service Chiefs, are now reviewing concrete measures to improve our planning and procurement processes. For example, as one step in this direction, we have extended the planning horizon beyond the current 5-8 years in order to assess the longer-term costs of proposed new weapons systems and their potential impact on the future size of the force structure. By doing so, we believe it may be possible to improve the near-term allocation of our R&D and procurement resources. We are extending our efforts to improve our cost-estimating techniques. We are exploring the feasibility of applying the "design to a cost" concept to all major weapons systems. We are examining ways to strengthen profit incentives for the reduction of costs on major contracts. We will expect cooperation from the defense industry in finding more efficient ways to carry out necessary Defense programs.

It is also my intention, and the intention of all of us in the Department of Defense, to continue to seek economies wherever possible in other areas of our Defense effort. It is essential, for example, that we use our human resources as effectively as possible and that we examine closely our manpower requirements. I expect our managers to give close attention to additional ways in which we can improve our management and reduce our costs without sacrificing our capabilities.

Future Challenges Seen

Leadership, Management Will Be Required

The challenge of providing an adequate defense with limited resources is a challenge to which all of us with leadership and management responsibilities in the Department of Defense cannot fail to respond. The international security environment, and the opportunity before us for a generation of peace, require a strong Defense posture. This is why I want to sustain a process in the Department of Defense which, under my leadership and with the full participation of all its members, meets the highest standards of discipline, efficiency, honesty, professionalism and public service, transcending any parochial interests, in dedication to the needs of the Nation as a whole. This is what the American people want and expect from the Department. It is what we in the Department want and expect of ourselves. These are the high standards we in the Department of Defense know we must maintain if there is to be a national consensus to support a sufficiently strong national defense.

Because of the need for broad public understanding of the essentiality of the defense contribution, and for deep public confidence in the integrity of the Defense establishment, we have an imperative obligation to make clear why the Defense Forces which we request are required to protect the national security and to enable the President to negotiate from a position of strength. In this statement, and in the full Defense Report, I hope to have contributed to these ends.

Finally, may I say, as I begin my new responsibilities, that I am aware of the impact of the Vietnam war on public opinion and of the changes taking place in American society—events which have caused some people to deprecate the military establishment and to decry the need for a strong defense. I strongly believe that these people are mistaken.

I know the pressures of social need, and I know the pinch of too few resources and too many problems. But I also know that the success of our undertaking to secure a "Generation of Peace." demands that we maintain a clear sufficiency of military strength. I am certain that a strong national defense is essential if the United States is to continue to play a constructive and responsible role in the world.

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